

Message Text

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COMMERCE:SKATZ(SUBS)

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R 232207Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E.O. 11652:GDS

TAGS: ETRD, ETRN, UK

SUBJECT: ROLLS ENGINE FOR BOEING 747

REFS: (A) LONDON 10291; (B) STATE 181051; (C) LONDON 10754

1. EMBASSY ASSESSMENT REPORTED REF C RE APPARENT ABSENCE HMG PRESSURE ON BRITISH AIRWAYS TO SPECIFY RB 211-524 ENGINE FOR 747 AIRCRAFT DISCUSSED WITH JIM KENNEDY, DIRECTOR INTERNATIONAL MARKETING, PRATT AND WHITNEY, AUGUST 22.

2. TO SUPPORT P AND W CONTENTION THAT BA BEING PRESSURED TO SPECIFY ROLLS ROYCE EQUIPMENT, KENNEDY POINTED OUT THAT COMPANY PROPOSAL HAD BEEN APPROVED AT BA OVERSEAS DIVISION LEVEL BUT COMPANY HAD NOT BEEN GRANTED ACCESS TO HIGHER RANKING OFFICIALS, INCLUDING BA BOARD WHICH APPARENTLY RESPONSIBLE FOR DECISION TO SPECIFY ROLLS ROYCE EQUIPMENT. KENNEDY FURTHER POINTED OUT THAT DISCUSSIONS HAVE NOT FOLLOWED NORMAL COMPETITIVE PATTERN, IN THAT P AND W HAS NOT BEEN ASKED TO SUBMIT ANY ADDITIONAL INFORMATION/
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OFFERS BEYOND INITIAL PRESENTATION.

3. BEYOND FOREGOING, HOWEVER, KENNEDY COULD NOT MAKE CASE FOR HMG PRESSURE ON ENGINE SPECIFICATIONS.

4. NOTWITHSTANDING ABSENCE ANY EVIDENCE HMG PRESSURE, EMBASSY REQUESTED FOR THE RECORD PRESENT AIDE-MEMOIRE WHICH

ESSENTIALLY DUPLICATES EMBASSY VERBAL PRESENTATION MADE EARLIER. WE WISH TO RECORD INTEREST OF U.S. COMPANIES IN PENDING TRANSACTION AND U.S. HOPE AND EXPECTATION THAT, CONSISTENT WITH OUR UNDERSTANDING OF HMG POLICIES REGARDING GOVERNMENT PROCUREMENT, DECISION WILL BE MADE ON COMMERCIAL BASIS.

5. FOLLOWING IS SUGGESTED TEXT AIDE-MEMOIRE:

"THE USG NOTES WITH INTEREST REPORTS THAT BRITISH AIRWAYS IS NEARING A DECISION ON ENGINE SPECIFICATIONS FOR 747 AIRCRAFT FOR DELIVERY AFTER 1977. THE USG UNDERSTANDS IT TO BE HMG POLICY THAT PURCHASES OF PUBLIC SECTOR ENTERPRISES SUCH AS BRITISH AIRWAYS, ARE GENERALLY GUIDED BY NORMAL COMMERCIAL CONSIDERATIONS.

"IN VIEW OF THE IMPORTANCE OF THESE PENDING TRANSACTIONS TO U.S. MANUFACTURERS SUPPLYING ENGINES FOR THE 747 AIRCRAFT THE USG EXPRESSES ITS HOPE AND EXPECTATION THAT THE FINAL DECISION OF BRITISH AIRWAYS IN THIS MATTER WILL BE BASED ON COMMERCIAL CONSIDERATIONS, IN ACCORDANCE WITH HMG'S STATED POLICY.

"END SUGGESTED TEXT."

6. IN SEPARATE BUT RELATED DEVELOPMENT, PRATT AND WHITNEY HAS TODAY (AUGUST 23) CABLED PROPOSAL TO DAVID JONES AND WEDGWOOD BENN FOR COOPERATIVE AIRCRAFT ENGINE DEVELOPMENT WITH ROLLS ROYCE (REF KENNEDY/COLWELL TELECON OF 21 AUGUST). SHOULD PRATT AND WHITNEY ENCOUNTER DIFFICULTIES IN MEETING WITH MINISTRY INDUSTRY OFFICIALS FOR REVIEW THIS LATTER PROPOSAL, COMPANY WILL SEEK EMBASSY ASSISTANCE AT THAT TIME. KISSINGER
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